



# Disaster Planning: Financial Considerations for Government

## Preface

This guideline is for use in preparing for and responding to natural disasters. The information is applicable to federally-declared disasters.

The objective is to assist the subgrantee in maximizing the ability to recover financially from a disaster by maximizing the use of state and federal disaster assistance program funds.

The information flow is from planning through disaster response and recovery efforts. Each section provides an overview of a topic and a discussion of the topic.

## Overview

This document contains the following sections:

Table of Contents

Section 4.28.1 — Financial Recovery From a Disaster

Section 4.28.2 — Systems and Documentation

Section 4.28.3 — Force Account

Section 4.28.4 — Procurement

Section 4.28.5 — Audit Considerations

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# Table of Contents

## Introduction

The Disaster Program

Highlights of the FEMA Public Assistance Program

Categories of Work

## Section 4.28.1 — Financial Recovery From a Disaster

Emergency Operations Planning

Disaster Recovery

## Section 4.28.2 — Systems and Documentation

Accounting Systems

System Needs for Accounting for Disaster Costs

General Information

Other Items for Consideration

## Section 4.28.3 — Force Account

Time Record Attributes: Category A

Time Record Attributes: Category B

Fringe Benefit Rates

Indirect Costs

Equipment Use

## Section 4.28.4 — Procurement

Types of Procurement

Contracting

Types of Contracts

Contract Price Negotiation

Debarred Contractors

Pre-Disaster Planning for Contract Services

Other Issues to be Considered

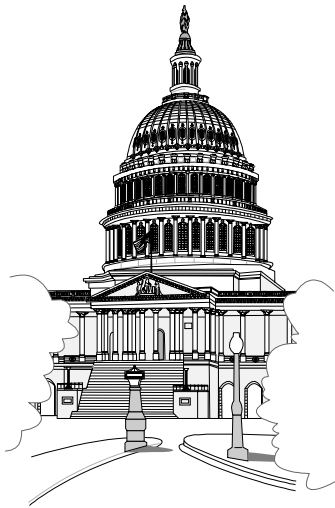
## Section 4.28.5 — Audit Considerations

Construction Contracts

Architectural Engineering Services

Force Account Labor

## Introduction



### The Disaster Program

The federal disaster public assistance program is administered by the Federal Emergency Management Agency (FEMA). Under a federally-declared disaster the Florida Department of Community Affairs, Division of Emergency Management (DEM) becomes the grantee. All other applicants applying for federal aid are subgrantees. DEM has the authority under the federal declaration to act on behalf of all subgrantees under the federal program.

The subgrantee is responsible for collecting all information pertinent to the various damaged sites within its jurisdiction in order for the local/state/federal inspection team to prepare Damage Survey Reports (DSR). Once approved by FEMA, the DSR is the document which FEMA uses as its basis to obligate funds.

### Highlights of the FEMA Public Assistance Program

Public Law 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act (PL 100-707) is the authority for FEMA.

Title 44, Code of Federal Regulations, Part 206 (44 CFR 206) are the primary FEMA policies and procedures for implementing the public assistance program.

Public Assistance (PA) is for state and local governments, special districts, school districts and many private non-profit organizations.

### Categories of Work

- Category A: Debris Removal
- Category B: Emergency Protective Measures
- Category C: Road System Repairs
- Category D: Water Control Facilities
- Category E: Buildings and Equipment
- Category F: Public Utility Systems
- Category G: Other

The FEMA document which is used to obligate funds, regardless of the category of work, is called the Damage Survey Report (DSR). The DSR is the only vehicle for providing FEMA funding to public assistance subgrantees. The DSR is prepared by a local/state/federal inspection team based upon the team's review of

“The DSR is the only vehicle for providing FEMA funding to public assistance subgrantees.”

your documents and the team's site observations. The DSR written in the field is submitted to FEMA for review and approval. Upon approval, the federal funds are obligated.

There are two types of DSR projects. At present large projects are \$44,800 and above, as adjusted by the Consumer Price Index. Small projects are less than \$44,800.

The subgrantee may be required to have an audit of all FEMA funds, in accordance with 216.349, Florida Statutes, and the Single Audit Act of 1984. A regular annual audit often complies with these requirements.

Each large project will have a final inspection. A sample of small projects is expected to have a final inspection.

For categories C through G, gross salaries or wages which include regular, overtime or fringe benefits are normally eligible for FEMA reimbursement. For categories A and B, only overtime wages, fringe benefits of permanent employees and all labor costs of extra hires are eligible. This type of expense is commonly referred to as a "Force Account." Keep track of all hours for reconciliation with equipment hours (see Section 4.28.3 below).

FEMA provides subgrantees with an administrative allowance to cover the costs incurred in requesting, obtaining and administering the federal grants. This allowance is fixed by regulation ranging from 1/2% to 3% of a DSR's total. Subgrantee procurement methods must meet or exceed the minimum federal procurement standards and Florida statutes.

DSR appeals are provided for by 44 CFR 206.206 and should be made, in writing, through DEM. There are three levels in the FEMA appellate process. The first level is to the FEMA Regional Director, the second level is to the FEMA Associate Director, and the third level is to the FEMA Director.

## Section 4.28.1 — Financial Recovery from a Disaster



“Accounting staff should have completed cost summaries and detailed supporting documents for the DSR teams. Equipment rates are normally limited to FEMA-published equipment rates.”

### Emergency Operations Planning

The key to successful response and recovery is planning. The planning function encompasses practical actions necessary to respond quickly and efficiently to any kind of disaster. After a major disaster things do not always go as planned. Hurricane Andrew is an excellent example.

Although most entities had comprehensive plans, the magnitude of the disaster overwhelmed most systems and plans. Practical actions considered integral to planning for the financial recovery section of a comprehensive plan include the following:

- Establish separate revenue accounts for disaster-related revenues.
- Establish a unique cost center or budget unit to track all disaster-related costs.
- Account for personnel, material, equipment, vendors, contractors and consultant costs by site and DSR.
- Hire contractors only after negotiating prices, setting a ceiling price on the contract. Require all invoices to show work by site or DSR, labor and materials, and require performance bonds.
- Write detailed work descriptions and work locations on the Force Account time records.
- Justify why senior management and executive staff are charged directly to the disaster.
- Prepare a proposal to recover fringe benefit costs if the state rate cannot be used or actual expenses are higher.
- Photograph or videotape all damaged sites.
- Inventory equipment by location(s) for damages and have the list(s) available for the DSR team.
- Designate alternates to the authorized representative.

Accounting staff should have completed cost summaries and detailed supporting documents for the DSR teams. Equipment rates are normally limited to FEMA published equipment rates.

Copies of 44 CFR parts 13, 14 and 206, Office of Management and Budget (OMB) Circular A-87 should be available for personnel.

Allow DEM to assist with problems before they become overwhelming. Don't just give up and decide to absorb costs.

When planning, it is important to consider regulations and documentation. Remember, we all have responsibilities in recovering from the disaster. A major part of DEM's responsibility is to help the subgrantee receive the full financial assistance to which they are entitled.

### Disaster Recovery

Eventually the emergency abates and activities return to normal. Damages to structures and public utilities may require action ranging from cosmetic repairs to demolition and rebuilding. If the disaster is a federally-declared event, the costs for repairs and reconstruction may be shared by the state and federal government.

“When planning, it is important to consider regulations and documentation. Remember, we all have responsibilities in recovering from the disaster. A major part of DEM's responsibility is to help the subgrantee receive the full financial assistance to which they are entitled.”

The success of the recovery, financial and otherwise, from a declared disaster hinges upon planning for a disaster. The subgrantee's ability to prepare complete and accurate documentation for the state and federal inspection teams speeds the reimbursement process dramatically. Consider the following:

- Disaster-related activities must be accounted for separately from normal activities.
- Each damaged site has the potential to generate one or more Damage Survey Reports (DSRs).
- Some emergency activities (police, fire, medical, disaster operations center) are not specific.
- A cost accounting system must capture the following types of information:
  - Force Account Labor hours and costs and locations
  - Force Account Labor by hours worked on each activity (especially important for Category B)
  - Force Account Equipment hours, costs and location
  - Force Account Material from purchased stocks used, costs and locations
  - Equipment destroyed, by inventory, location and costs
  - Vendors' services or material under purchase orders and costs
  - Technical consultants' services under contracts and costs
  - Insurance settlements (Statements of Loss), detailed by site
- Fringe benefit rates calculated, documented and supported for labor records.

Remember, document Force Account activities by specific locations and/or specific DSR.

## Section 4.28.2 — Systems and Documentation

### Accounting Systems

An accounting system in simplistic form operates like this:



- Inputs
- Outputs
- Time sheets
- Pay warrants
- Equipment use
- Equipment use charges
- Invoices
- Warrants to suppliers/contractors
- Other cost/revenue information
- Labor costs
- Salary
- Fringe benefits
- Equipment costs
- Mileage costs
- Vendors' general/specific projects
- Contractors' specific projects
- Consultants general/specific
- Debt redemption/interest payments
- Budget versus actual cash flow analysis

Although simplistic, this system requires considerable time to accumulate information, process the inputs, produce the outputs and correct errors even under normal operating conditions. Normal operating conditions are not what happens when a disaster occurs!

### System Needs for Accounting for Disaster Costs

The following sections will provide suggestions for revising cost accounting systems to capture the cost information for the Damage Survey Reports (DSR).

This section will concentrate on how to prepare systems (cost and accounting) for accumulating disaster-related information.

### General

Except for Category B (Emergency Response Protective Measures), most other costs under Categories A through G must be accumulated by SITE and DSR.

Protective Measures (Category B) generally consist of police, fire, medical, emergency operations command center activities and

other immediate emergency responses. For example, after a hurricane police are dispatched entity-wide for crowd control, traffic control, rescue and evacuation. Although each officer normally has an assigned beat, the hurricane requires officers to be in areas not normally visited and to carry out activities not normally done. Accordingly, it is not practical to have the officers document each site visited and each activity accomplished. The same may be said of fire and medical response. It is not practical to be site-specific.

It is important to have the dispatch logs (or whatever written documents used) to document that police, fire and medical personnel were dispatched for emergency response activities.



It is important to accumulate the hours the police, fire and medical personnel worked, both regular and overtime (only overtime for regular employees is eligible for Category B work).

For all other activities, information should be captured by site. There may be problems in defining a "site." A site may be:

- An address(es)
- A specific section of road (marker-to-marker, or street-to-street)

DSRs will be written for each site; this is the reason for site accumulation.

Category A (Debris Clearance) should be as site-specific as possible. When clearing debris from streets, it would be appropriate to note the street name or number and from what address to what address debris was cleared on that street. It is possible a DSR may be written to cover debris clearance from several streets.

Sometimes, work that the subgrantee considers to be protective measures (Category B) may be considered by FEMA to be permanent work, and a DSR will be written under one of the permanent work categories. This is to be encouraged because regular time is eligible under permanent work.



## Documentation

For DSR purposes, site-specific files should be prepared which include the following information and documents:

- Detailed explanation of the damage and what was done or needs to be done at the site.
- Photographs of the site before work, during and after (if the work was completed prior to the DSR being written).
- Lists of damaged and destroyed equipment.
- Summaries of Force Account labor costs which can be backed up by detailed labor runs, and time sheets.
- Summaries of vendor purchase orders, invoices and payments.
- Explanation of how the contract was procured and what procurement method was used. If price was not competitively determined, explain why not.
- Authorizations to perform the work by department head, legislative authority (council/supervisors) or executive authority (mayor/city manager/county administrator).
- Explanation of any change of orders, how it relates to the eligible scope of work and how the cost was determined.
- Correspondence with DEM and FEMA.
- Insurance information/settlements.
- Appeals information.

Each site may have more than one DSR. Costs must be accounted for by DSR and then by site.

## Other Items for Consideration

If funds are received from any other source for DSR disaster-related work, the state and FEMA may reduce the funding of the eligible projects to prevent duplication of benefits.

For multiple declared disasters, the costs and revenue received under each disaster must be segregated and accounted for separately.

Insurance settlements may delay the approval of certain DSRs. This could have fiscal implications relative to deciding when to proceed on repair and/or reconstruction of damaged or destroyed structures.

Emergency leases for housing government operations must follow federal and state procurement standards. Negotiate the best possible price for the leased space. FEMA may limit the eligible leased space to no more than what was previously occupied.



Perform cash flow analysis to determine cash needs during the recovery period. It is not uncommon that entities find that revenues decline while expenditures rapidly increase during the early months of the recovery period. Even with government assistance outside of the disaster programs, cash needs may become an enormous burden. If cash flow is jeopardizing the normal local operations and recovery, contact DEM to discuss ways of expediting DSR payments.

Do not ignore the roles of the accounting and auditing sections. Include these critical functions in all disaster planning and exercises. The accounting personnel should be informed of the documentation requirements so that a paper crunch will not result in an unnecessary delay.

Remember, federal disaster funds will require audit coverage under 11.45 and 216.349, Florida Statutes, and the Single Audit Act of 1984, OMB Circular A-128.

Historic Properties require more effort to assure funding by FEMA. FEMA's Title 44 Code of Federal Regulations, Section 206.226(c)(2) should be reviewed.

## Section 4.28.4 — Force Account



Force Account is a term used to identify labor provided by the subgrantee's employees, as well as the use of their equipment and materials. The elements which comprise Force Account costs typically include:

- Regular and overtime salaries and wages
- Fringe benefits
- Equipment and materials

Labor hours are accounted for by a time sheet or time card. Since time sheets vary, it is important to show on every time sheet what the individual was doing, where and when. This is not an easy task because most time sheets do not provide adequate space for explaining the individual's activities. However, it is acceptable to use:

- Special disaster accounts or work order numbers, as long as they describe the work in sufficient detail.
- The back of the time sheet, where the employee will write the date, hours, location and work performed.
- A supplementary time sheet reconciled to the official time sheet disclosing dates, hours, locations and work descriptions.

The reason for this level of detail is that FEMA will be requiring details in order to write or substantiate costs charged to the DSR. Accordingly, this level of detail may be above what is normally required in the current system.

Regular-time and overtime labor costs must be segregated.

## Example of Permanent Category and Category A Work



NAME

DATE HOURS DESCRIPTION OF WORK

10/10/95 4 HRS Inspected construction work on hurricane damage to 10 Oak St. City Hall and Annex.

2 HRS Inspected repairs to residences at 121, 122, 123 and 124 Hill St.

2 HRS Inspected debris clearance from corner of 6th and Spring Sts. to 10th and Spring Sts.

SIGNATURE, SUPERVISOR APPROVAL

### Important Attributes on the Time Record:

- Shows regular hours worked.
- Shows overtime hours worked.
- Work description shows work performed.

Notice the locations of the work are on the time record. The first 4 hours are at a specific site, City Hall. The next 2 hours are for private residences and would not be covered by a DSR. The last 2 hours are for category A debris clearance.

## Time Record Attributes: Example of Category B Protective Emergency Response Work

NAME		
DATE	HOURS	DESCRIPTION OF WORK
1/1/95	8 HRS	Inspection of road work.
	6 HRS OT.	Disaster occurred end of shift. Ordered by supervisor to inspect structures on Oak St. from 1st to 5th Sts for STRUCTURAL SAFETY. Tagged buildings as appropriate.
SIGNATURE, SUPERVISOR APPROVAL		

### Important Attributes of the Time Record:

- Shows regular and overtime hours worked.
- Remember, regular time for regular full-time employees is not eligible under category B, but the equipment they use during their regular time is eligible.
- Work description shows work performed. Damage assessment is not eligible for FEMA funding. If the Inspector is actually doing structural safety inspections do not put damage assessment.
- Work description shows locations.

If a numbering system or work order system is used to identify work done, make sure there are numbers or work orders for disaster-related work. Do not use routine work descriptions.

“The state has a fringe rate sheet that many local governments may be able to use rather than preparing their own.”

Remember, be specific as to work done and the work location.

Be prepared! Not all of the Force Account labor will be included in the DSRs. For example, FEMA might exclude the following individuals:

- Department heads and deputy assistants — These individuals may be on the scene for disaster coordination and staffing the Emergency Operations Center (EOC).
- Emergency coordinators — Their normal job is to coordinate after a disaster occurs.
- Personnel not normally involved in disasters (e.g., librarians, clerical workers) — Restocking library shelves is debris clearance. Evacuation and search and rescue may be done by support staff.

These personnel are not obviously used for emergency response activities; however, if a major disaster occurs, these individuals and their activities may be necessary to restore the situation to as normal as possible within a short period of time. Accurate and complete documentation will support activities for possible DSR funding.

### Fringe Benefit Rates

Make sure fringe benefit rate calculations are part of the information made available to the FEMA inspection team. FEMA will accept fringe benefit costs if supported by details showing how the rates were calculated.

Fringe rates should consider, as applicable:

- paid holidays
- vacation
- sick leave
- administrative leave (jury duty, military training, family illness, bereavement leave, etc.)
- employer's contributions for
  - retirement
  - health benefits
  - worker's compensation
  - life insurance benefits
  - FICA
  - Medicare
  - employer liability insurance

Further, there may be other benefits negotiated in labor memorandums of understanding (labor contracts) which may be included in the calculation.

The state has a fringe benefit rate sheet that many local governments may be able to use rather than preparing their own. If a local government contributes to the Florida Retirement System at the same rates as used by the state, it may be eligible to use the state fringe benefit rate.

Remember, FEMA will require fringe benefit costs to be stated separately.



### Indirect Cost Rates

Indirect costs which are routinely charged to other federally- or state-funded programs through an indirect cost rate are not eligible costs for FEMA reimbursement. These costs are defined in the regulations as: "necessary costs of requesting, obtaining and administering federal disaster assistance subgrants." FEMA provides a declining, 3% maximum administrative allowance which is added to the DSR's total cost.

### Equipment Use

If the subgrantee uses their own equipment, the following criteria should be noted:

- They may use their own equipment rates as long as they do not exceed FEMA published rates.
- FEMA rates may be used.
- If a particular piece of equipment does not appear in the FEMA rate schedule, request a rate from FEMA.
- State and FEMA approval may be requested for rates established before the disaster.
- Ensure the equipment usage logs can be reconciled to the time sheets for individuals assigned to the equipment (idle time is not allowable).
- Equipment crew rates are acceptable as long as it can be shown the calculations support the crew rates.
- Standby time is generally unallowable.
- Ensure equipment logs are put into Site (DSR) Files.
- Mobilization and demobilization costs should be considered.

## Section 4.28.5 — Procurement

State and federal programs allow the procurement of materials and services using established procurement procedures if they meet or exceed federal procurement standards. While it is acceptable for the subgrantee to use their own system, this means that the procurement system must be within the program requirements.

### Procurement Standards

Federal procurement standards are covered in the revised OMB Circular A-102 and 44 CFR part 13. These standards are applicable to any procurement expected to exceed \$25,000. Florida Statutes, Chapter 252 also cover procurement.

### Types of Procurement

- Small purchases
- Competitive sealed bids
- Price negotiation
- Non-competitive negotiations

Small purchases procurement generally requires seeking the best price by calling a number of vendors.

Competitive sealed bids for contracts exceeding \$25,000 require formal advertising in recognized trade journals and/or newspapers, a specific time for opening bids and the award of the contract to the lowest responsive and responsible bidder.

Price negotiation is the request for proposal process (RFP), thereby selecting the services of the best-qualified individual or firm to perform specific services or provide specific products. Cost is generally the second objective in the process. The primary concern is the qualifications of the contractor.

Non-competitive negotiation is basically sole-source procurement. The circumstances acceptable for sole source may be:

- The item is available from only one source.
- Public emergency and urgency will not permit a delay incident to competitive bidding.
- The federal or state funding agency authorizes it.
- Competition is inadequate even though work was competitively bid.



The biggest procurement problem encountered is usually with sole source procurement. Even though the immediate disaster response may have forced the use of sole source procurement, documentation should show why this method was used and how the price was negotiated.

## Contracting

To avoid major problems when awarding contracts for disaster-related work:

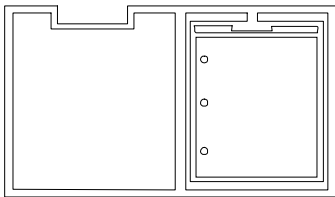
- Do not award one contract covering several sites.
- Require the contractor to segregate costs on the invoices by site or DSR for work performed.

The result may be the contractor's costs to each DSR site will need to be prorated. This can be arbitrary and could cost funds if there are allocations to ineligible sites.

It is relatively easy to include in the contract, under the section instructing the contractor as to how and when to invoice its services, the requirement to cost out the services by site.

## Time and Materials Contract

These types of contracts are used immediately after a disaster has occurred. Since no one knows what might be at a certain site, the contractor requests a time and materials (TM) contract to perform its work.



The TM contract is acceptable if personnel carefully document that the contractor expended the time and materials on eligible work and a cost ceiling is put on the contract to prevent the contractor from running up costs.

## Cost Plus a Percentage of Cost Contract

NOTE: This type of contract is prohibited by FEMA.

The reason this type of contracting method is not acceptable is there is no incentive for the contractor to hold down the costs. In fact, the higher the costs, the bigger the profit for the contractor.

## Contingency Contracts

NOTE: This type of contract is prohibited by FEMA.



“In the event of a widespread disaster, there will be competition between various local governments and citizens for services.”

Under no circumstances should a contract have the condition that payments will be made only if funds are received from the state or the federal governments.

### Contract Price Negotiation

It is imperative that documentation show how the contract price was achieved. This will be easy if the RFP or competitive bid process was used. This is not as easy if emergency contract services are procured without formal bidding.

### Debarred Contractors

Contracting with debarred contractors is prohibited. A list of federal debarred contractors may be obtained from DEM or FEMA.

### Pre-Disaster Planning for Contract Services

Consider the following for incorporation into emergency procurement procedures:

- What kinds of work will need immediate contract services?
  - Debris clearance
  - Repair of utilities
  - Shoring and bracing of damaged structures
  - Repairs to doors, windows and interior areas
  - Pumping of flooded structures
- Which contractors in the area have the abilities and equipment to perform the work? This could come from a pre-qualified list of contractors who can perform various tasks effectively and efficiently.
- Which contractors are willing to respond in an emergency?  
Determine which contractors can respond to immediate needs.
- In the event of a widespread disaster, there will be competition between various local governments and citizens for services.

It is imperative to restore essential services immediately. It is also imperative to understand that once the insurance adjusters have finished assessing the damages to private properties, the owners will greatly accelerate their repairing and rebuilding of their structures. This may pose problems to the overall recovery plans as demand surpasses the capacity to rebuild in a timely manner.

Area-wide planning for recovery is very important to minimize conflicts between the needs of government and the public.

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### Other Issues to be Considered

Federal programs require contractors to be bonded. Contractors must have a payment bond and a faithful performance bond. Bonding protects you from failures by the contractor to perform.

Contractors must be licensed. This requirement also extends to subcontractors to the prime contractor. You should require the contractor to prove it is licensed. If you are skeptical, contact the Department of Professional Regulation. This department maintains the current status of licenses of all contractors licensed in Florida.

Some common problems obtaining contractors:

- The larger and more widespread disasters may cause a temporary shortage of qualified contractors.
- Some contractors may try to increase prices to take advantage of the disaster situation.

Make sure the contractor has the expertise to do the type of work needed. For example, a plumbing contractor may not have the expertise and equipment to perform major structural repairs.

To save time and money, it would be prudent to locate all As-built Drawings of the various above- and below-ground facilities. As-built Drawings will be used by an engineer and contractor to make numerous decisions with respect to locations of below-ground obstructions, utilities and structures, and above-ground structural, utilities and facade details. Without the As-built Drawings, detailed to show upgrades on structures, exploration costs will be charged to determine what is there. Exploration means a qualified technical person must explore both the above- and below-ground structures to find out what is there and how it was built.

It may be prudent to update the As-built Drawings to document what exists currently. If the drawings cannot be located and the structures are deemed to be critical to operations, consider some form of plans developed by a qualified engineer.

Have DEM review the scope of work on bid documents and contracts. This will assist in ensuring that eligible work is properly identified, and if other work is involved, eligible costs can be properly determined.

## Section 4.28.5 — Audit Considerations

### General

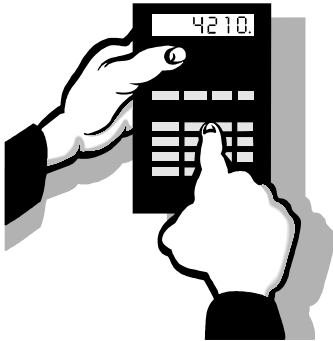
This section contains some of the audit procedures used in auditing construction, engineering, and Force Account costs. Also refer to OMB Circular A-128.



### Construction Contracts

- Verification that applicable federal, state, or local procurement requirements were met.
- Verification of accuracy of costs claimed or reported.
- Verification that costs claimed or reported are adequately supported and accounted for.
- Verification that costs are allowable.
- Verification that costs are eligible.
- Compliance with project agreement general or special conditions.
- Compliance with federal or state regulations.
- Compliance with terms of construction contract.
- Compliance with program guidelines, policies, and procedures manuals.
- Determination of necessity or reasonableness of costs.
- Type of contract, lump sum, unit price or combination will influence type of audit coverage. Where unit price contracts are used, the auditor should determine that adequate controls were exercised over the quantity and quality of materials installed. Where controls were inadequate, the contractor's records need to be audited to ensure that work billed was proper.
- Verification that time limitations and cut-off dates were met.
- Tour facilities to make observations that facilities are being used. If operational problems were noted from file reviews or from reviews of final inspection reports, perform follow-up reviews to ensure that timely corrective action has been taken.
- Determination that change order costs and time extensions have been properly approved by the administering agencies.
- Determination that faithful performance bonds and payment bonds have been obtained by the construction contractor on a timely basis.
- Determination of whether liquidated damages or actual damages were properly applied.

## Architectural/Engineering Services



- Verification that applicable federal, state, or local procurement requirements were met.
- Verification of accuracy of costs claimed or reported.
- Verification that costs claimed or reported are adequately supported and accounted for.
- Verification that costs are allowable.
- Verification that costs are eligible.
- Compliance with general or special project agreements conditions.
- Compliance with federal or state regulations.
- Compliance with terms of A/E agreement.
- Compliance with program guidelines, policies and procedures manuals.
- Determination of necessity or reasonableness of costs.
- Determination that applicable credits have been properly applied. For example, income from sale of plans and specifications.
- The type of agreement with the A/E will have a significant bearing on the type of audit coverage needed.
- Verification that time limitations and cut-off dates were met.

## Force Account Labor

- Verification that applicable federal, state, or local procurement requirements were met.
- Verification of accuracy of costs claimed or reported. The auditor takes the summarized costs and traces to the supporting schedules and to the source documents. The site (DSR) files are very important to support the cost summaries supporting the costs claimed.
- Verification that costs claimed or reported are adequately supported and accounted for. The auditor typically performs two tests. The first is the traditional personnel/payroll test. The second test is reviewing the supporting documentation relative to the actual work performed.

It is important to have individual time records for those employees being charged to the DSRs. It is also important that the attributes (dates and hours worked, locations worked, types of activities performed) are not ambiguous. This is especially critical for the work descriptions on the time records.

- Verification that costs are allowable.

- Verification that costs are eligible.
- Compliance with general or special project agreement conditions.
- Compliance with federal or state regulations.

The main problems auditors have with Force Account labor include:

- Failure to describe adequately the actual work performed. The time records must clearly state what work was performed.
- Failure to distinguish between disaster-related work and normal/routine work. This is especially true for management and clerical employees.
- Failure to provide a clear audit trail from the costs summaries to the supporting time records.
- Failure to cross-reference the time records and equipment logs employee was assigned with actual equipment and when the equipment was used.
- Failure to have crew rates properly supported by rate calculations.
- Failure to have fringe benefit costs properly supported.
- Failure to segregate ineligible Force Account work from eligible Force Account work.

Remember, some sites may not be eligible for state and/or federal funding. Failure to segregate ineligible site work may result in otherwise eligible costs being disallowed.

